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C O N F I D E N T I A L SECTION 01 OF 02 YEREVAN 000244

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SUBJECT: DEMOCRACY ASSISTANCE: PM ON BOARD, WITH CAVEATS

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Classified By: Amb. John M. Evans for reasons 1.4 (b, d).

SUMMARY

¶1. (C) The Ambassador discussed USG plans for democracy assistance leading up to the 2007-2008 elections and designed to bolster Armenia's record on ruling justly during a recent meeting with Prime Minister Andranik Markarian. Noting the failures in the constitutional referendum in 2005, the Ambassador outlined ways in which the GOAM could move forward, with the Prime Minister displaying both an understanding of the urgency of the issues and a willingness (however tepid) to cooperate with USG democracy assistance plans. End Summary.

AMBASSADOR LAYS OUT KEY POINTS

¶2. (C) During his February 10 meeting with Prime Minister Andranik Markarian, the Ambassador laid out a clear message underlining the importance for genuine democratic reforms to the USG. He noted:

-- We support peaceful evolution in Armenia, we are not here to destabilize the country;

-- We are interested in supporting the process of democracy, not in choosing candidates; and

-- We don't have the luxury of concentrating only on economic development or only on democratic developments, rather by improving both at the same time do we stand a chance of increasing stability in the region.

Commenting that President Kocharian had already blessed the USG's democracy assistance plan, the Ambassador presented the PM additional background information, and noted that work with the GOAM on improving the voters' lists had already begun. The Ambassador referred to the Kocharian-Danilovich exchange of letters, and noted that Armenia's conduct of the November 27 referendum had put its MCC eligibility at serious risk. The U.S. was not asking that the referendum be overturned or re-run, but was asking for the PM's cooperation on moving ahead on our democracy assistance program.

PM ON BOARD, BUT WITH A WARNING

13. (C) The PM agreed that "it's hard to object to what you've mentioned," and noted that the GOAM would take steps to ensure the problems from the referendum were not repeated in 2007. The PM cited planned changes to the electoral code, and said the governing coalition would be active in working to "address deficiencies." Markarian pointed out that the governing coalition, in particular, would "take the steps necessary" to ensure that its members elected in 2007-2008 were "not overshadowed by fraud" and could function with a clear mandate and the legitimacy that would imply. "We are open to cooperation, and we will listen to your recommendations," Markarian told the Ambassador. "As a leader of the (Republican) Party, however" Markarian warned, "implementation methods and mechanisms need to be established in consultation with the authorities, in order not to give rise to accusations of third country interference."

COMMENT: THE GOAM WILL PLAY, BUT BY ITS RULES

14. (C) Markarian, flanked by Minister of Finance and Economy Khachatrian and Deputy Foreign Minister Kirakossian, clearly intended to lay down a marker against anything the governing coalition would choose to characterize as "interference" or undue support for the opposition in the upcoming elections. With the new phase of the democracy assistance program just beginning to get underway, the GOAM appears to be cooperating in the efforts to improve the voters' lists, albeit rather slowly and after a number of high-level interventions. We expect that GOAM discomfort with some aspects of the assistance program may lead to feet-dragging, but that the President's official buy-in will be adequate to prevent any wholesale refusal to cooperate. In the end, the proof will be in the conduct leading up to and during the 2007-2008 elections.

15. (C) In order for our democracy promotion strategy to

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succeed, we need to build political support for our programs at all levels. Markarian's tepid support during this meeting -- despite President Kocharian's endorsement -- was emblematic of the hurdles we will continue to face. More complicated than overcoming Armenia's lack of democratic tradition and its weak infrastructure and expertise will be to build political will to carry out free and fair elections in 2007 and 2008. We will continue to use every opportunity to press our agenda and appreciate support from colleagues in Washington as we use new incentives -- including the Millennium Challenge Account Compact -- to build democracy in Armenia.
EVANS